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## Book review: Understanding industrial and corporate change

### Journal Item

How to cite:

Blundel, Richard (2005). Book review: Understanding industrial and corporate change. *Business History*, 47(4) pp. 613–614.

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Version: Accepted Manuscript

Link(s) to article on publisher's website:  
<http://dx.doi.org/doi:10.1080/00076790500133108>

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**Blundel, R.K. (2005) Book review: Dosi, G., Teece, D. and Chytry, J. (eds) 'Understanding industrial and corporate change.' Oxford: Oxford University Press. *Business History*. 47, 4: 613-614 (October).**

GIOVANNI DOSI, DAVID J. TEECE and JOSEF CHYTRY (eds), *Understanding Industrial and Corporate Change* (Oxford: Oxford University Press, 2005. Pp.xx + 419. H/back ISBN 0 19 9269416, £60.00; p/back ISBN 0 19 926942 4, £24.95).

The journal *Industrial and Corporate Change* (ICC) was first published in 1992, its editorial mission being to present and interpret evidence on the complex phenomena indicated by its title by applying interdisciplinary approaches to empirical research and theoretical elaboration. More specifically, the journal seeks to be a forum in which industrial historians engage with emerging concepts from the 'relevant' social sciences, while scholars from these related disciplines are, in turn encouraged to apply their models to the historical evidence. The editors of this volume have selected thirteen articles that reflect the quality and diversity of ICC's published output in the intervening period. The selection is designed to illustrate the powerful insights provided by several leading contributors to ICC and to stimulate readers to engage with the arguments, in the volume itself and in the journal from which it draws. Publication of this volume also presents business historians with an opportunity to reflect on their impact, both within the pages of an influential journal, and upon the broader field of study that it has come to represent.

The volume is divided into two parts, reflecting the broad scope of the parent journal. Part I is entitled 'Economic behaviours and organizational forms' and are concerned with what the editors term 'foundational' issues in our understanding of economic agency. The first three chapters extend Herbert Simon's concept of 'bounded' rationality, as it relates to the processes of decision-making and behaviour in organisations, while a further three chapters address organisational boundaries and the inter-relationship between structures and behaviours. The chapters contained in Part I appear less likely to attract the attention of business historians, either on the grounds of their subject or the methodology that has been employed. The problem is exemplified by Masahiko Aoki's chapter, which employs a highly abstract game theoretic approach to explore the mechanisms that give rise to diversity in organisational forms. Readers willing (and able) to negotiate the formal modelling are rewarded with a concise concluding discussion that notes the limits of current evolutionary models and relates them to historical examples. A few Part I chapters may be of more direct interest, notably Steven Postrel and Richard P. Rumelt's intriguing analysis of the respective roles of incentives and routines in controlling impulsiveness – Josiah Wedgwood, John Wesley and the entire US 1<sup>st</sup> Marine division are variously called upon in support the thesis that 'habitual routines' have proven more effective in this regard. Part II of the volume, 'Knowledge, organizations and technological evolution', consists of seven chapters. Five of these might be described as containing historical evidence, and it is interesting to note the varying ways in which this material is applied. Daniel A. Levinthal includes a fairly detailed historical narrative in his contribution to the long-running debate over the respective roles of incrementalism and discontinuity episodes of technological change. Having imported the concept of punctuated equilibrium from evolutionary biology, he modifies it with reference to Schumpeter's classic notions of recombination and creative destruction, and deploys it in an account of the development of wireless communication technologies. Keith Pavitt's legacy to the field of innovation studies is well represented by a classic paper on the relationship between technologies, products and organisational structure. Pavitt concludes that creative destruction is not inevitable - large firms do have the potential to restructure their capabilities in order to exploit new technological opportunities. He signals several avenues of research, including 'detailed studies by historians and sociologists' as being 'particularly fruitful' (281). Nathan Rosenberg mounts an ambitious 'historical examination' (287) of capitalism, socialism and economic experimentation. His analysis relies heavily on contradictions between the words of

Messrs Marx and Engels and empirical evidence collated from a rather limited array of secondary sources; we sense the ghost of Hayek, a notable absentee from the references. Paul A. David's reconsideration of Thomas Edison and the 'battle of the systems' is a compelling analysis of purposive action and its role in technological innovation processes, informed by detailed historical research. The final chapter by Alfred D. Chandler Jr. is a broad sweep through the growth of corporate control methods in the 20<sup>th</sup> century. It encapsulates several of the great man's central themes and is therefore likely to be familiar territory for many readers of this journal.

In summary, the volume contains articles of a high standard, drawn from a consistently excellent scholarly journal. My only criticisms concern what might have been included. Firstly, more recent work is somewhat under-represented; five of the contributions are from ICC's first year of publication, compared to just two dated after 1998. Secondly, having enjoyed the insightful overview contained in their introductory essay, I would have appreciated a more tangible editorial presence elsewhere. Above all, it would have been enlightening to see a more a detailed reflection on ICC's achievements to date, notably in relation to its interdisciplinary and business historical ambitions, coupled with a more radical agenda-setting exercise.

*Understanding industrial and corporate change* has all the virtues of a good 'reader', providing current and prospective students of industrial organisation and dynamics with easy access to some of the leading lights. Any limitations are counter-balanced by the inherent quality of the material presented and by the publisher's wise decision to make this material available in a more affordable paperback format. Giovanni Dosi and his co-editors can rest assured that their book will encourage readers to engage with this emerging body of literature, and with the journal from which it is drawn.

RICHARD BLUNDEL